

Congress of the United States
House of Representatives
Washington, DC 20515–3313

January 31, 2022

Chairman Patrick Leahy
Committee on Appropriations,
United States Senate
U.S. Capitol, Room S-128
Washington, D.C. 20510

Vice Chairman Richard Shelby
Committee on Appropriations,
United States Senate
U.S. Capitol, Room S-128
Washington, D.C. 20510

Chairwoman Rosa DeLauro
Committee on Appropriations,
U.S. House of Representatives
U.S. Capitol, Room H-307
Washington, D.C. 20515

Ranking Member Kay Granger
Committee on Appropriations,
U.S. House of Representatives
1036 Longworth House Office
Building
Washington, D.C. 20515

Dear Chairman Leahy, Chairwoman DeLauro, Vice Chairman Shelby, and Ranking Member Granger:

I write urging you to prioritize providing robust funding for the Creating Helpful Incentives for the Production of Semiconductors (CHIPS) for America Act in any spending package for fiscal year 2022. As you may know, the CHIPS Act passed in January 2021 as part of the 2021 National Defense Authorization Act.¹ The 2021 NDAA, however, did not directly fund the CHIPS Act, and there has not been a regular appropriations bill passed into law since the 2021 NDAA became law. Therefore, as your committees craft a measure to continue government funding past February 18, I ask that you prioritize the important task of funding CHIPS Act programs at significant and practical levels.

Semiconductor manufacturing will be a foundational aspect of the economy over the next decade. Chips are requisite inputs for the technology that undergirds artificial intelligence, quantum computing, cloud services, and heavy machinery. While the U.S. has historically played a leading role in the global development and production of semiconductors, our share of the manufacturing market for semiconductors has been consistently waning. Although the U.S. semiconductor industry accounts for approximately 50% of global revenues, our manufacturing revenues have sunk from 37% of global revenues in 1990 to just 12% in 2020.² As Covid-19 related disruptions of the past year have shown, the location of critical nodes in the supply chain is paramount, and an interruption in one link of the chain can have devastating and cascading effects on the rest of the economy.

¹ William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. No. 116-283, Title XCIX, 134 Stat. 3388, 4843 (2021).

² ANTONIA VARAS ET AL., GOVERNMENT INCENTIVES AND US COMPETITIVENESS IN SEMICONDUCTOR MANUFACTURING 5 (2020), available at <https://www.semiconductors.org/wp-content/uploads/2020/09/Government-Incentives-and-US-Competitiveness-in-Semiconductor-Manufacturing-Sep-2020.pdf>.

Consequently, funding for the CHIPS Act will help the U.S. catch up in an industry with acute economic and national security consequences. In contrast with America's falling semiconductor manufacturing sector, China is projected to receive approximately 40% of the increased chip production capacity in the next decade, while the U.S.—at its current, non-augmented pace—will only lay claim to 6% of new manufacturing capacity.³

The CHIPS Act will help bridge this output gap by beefing up domestic research and development budgets to encourage, strengthen, and protect domestic semiconductor manufacturing. The Boston Consulting Group has estimated that a public investment of \$50 billion into the domestic semiconductor industry could generate 19 new factories, a 57% increase in U.S. production capacity, 70,000 direct jobs⁴ and 350,000 related jobs, and eventually catalyze \$279 billion in private sector investment and development.⁵ In North Carolina, there are several sites—including in Person and Chatham Counties – that are uniquely situated and ready to house semiconductor manufacturing facilities to jumpstart American leadership in this critical sector.

The failure of Congress to fund the CHIPS Act could make any further onshoring of chip manufacturing in the U.S. economically unattractive and difficult. While the size of our market, skill of our workforce, and the effectiveness of our intellectual property protection laws make the U.S. a comparatively advantageous place to set up shop, ownership costs of a chip manufacturing facility in the U.S. are 37% to 50% higher than in China and 30% higher than in other Asian nations.⁶ 40% to 70% of that difference in cost is the result of disparate levels of public sector investment between the U.S. and other nations.⁷

The next century of global economic leadership will in large part be determined by which nations can pull ahead in the technology race and best incubate dynamic, innovative, and resilient domestic industries. I am confident that American workers and companies are ready to capitalize on the ever-growing semiconductor market. In order to not be left behind in this imperative field, I respectfully request you include adequate funding for the CHIPS Act in any upcoming fiscal year 2022 spending package.

Sincerely,



Ted Budd
Member of Congress

³ *Id.* at 7–8.

⁴ *Id.* at 27.

⁵ Semiconductor Industry Association, *Funding for the CHIPS for America Act and Enactment of the FABS Act Investment Tax Credit* (2021), available at <https://www.semiconductors.org/wp-content/uploads/2021/10/CHIPS-FABS-Hill-handout-oct-2021.pdf>.

⁶ *Id.* at 10.

⁷ *Id.* at 11.